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Copy 7 of 7

2 July 1963

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NRO review(s) completed.

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : NRO Security Policy

1. This memorandum contains a recommendation for your approval. Such recommendation is contained in paragraph 8..

2. On 28 May 1963, Director NRO instructed Major General Robert Greer (SAFSP), the Director NRO Program A, to reply to a proposal for the acquisition of four Argon type Geodesy cameras for future reconnaissance missions. In accord with these instructions, Director Program A was assigned the responsibility for technical management utilizing the Configuration Control Board (CCB) method of operation. Director NRO Program B (OSA/DD/R) was assigned the responsibility for contract administration utilizing the CIA contracting officer [redacted]

[redacted] permanently co-located with Director Program A. The acquisition of the four new Argon payloads and Project peculiarars are to be financed with funds made available to CIA by DOD and administered through the contractual authorities and arrangements of the Agency.

3. CIA was previously responsible for the production of Argon equipment, however, due to the lack of any further USIB Argon requirements, NRO directed the termination of related contracts. It will now be necessary to reactivate the Argon production facilities of Lockheed Missile and Space Co. (Agena) Fairchild Instrument and Camera Co. (Cameras) Autometrics Corp. (Film Readout Process) and Eastman Kodak Co. (Film production and Processing).

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4. As a carry over from the past Project, CIA has, on a current basis, all of the security records of employees utilized under these contracts and has, "on the shelf," a system for the covert production of payload hardware.

5. It has long been the view of the Security Office that the security of a covert procurement program can best be served when the control of the program is vested in one single component having full contractual authority including technical direction of the product. In this instance the contracting responsibility and the technical direction have been separated in two different Agencies. Security under this circumstance, unless clearly resolved, is serving two masters whose action could well be in conflict. It is therefore necessary that a definite command line authority be established for the proper administration of security. This policy issue is of particular importance in that this same situation may well occur again in the future and there will be need to have clearly established security policy with regard to CIA participation in covert procurement contracting conducted in support of the NRO. Use of Agency funds and authorities cannot be effective or protected as an Agency method of operation without the full application of CIA security controls, practices and procedures. Further, as a matter of policy, the DCI does not intend to delegate his authority in the use of confidential funds to another Department or Agency or components thereof, to use for their purposes. It would appear, therefore, that under any project of the NRO where the covert procurement, authorities or capabilities of this Agency are utilized, the CIA security policies, controls and procedures must also be applied for the protection of Agency interests. Accordingly, security responsibility should be under the Program Director having contractual responsibility.

6. In the instant situation and others similar to it, where technical direction is removed from CIA components, it would appear advisable to co-locate CIA security representatives at the Headquarters of the Program Director having technical direction. Working with the Agency contracting official, similarly located, proper security and contracting control can be maintained. On the day-to-day matters of operation, these officers would be knowledgeable of command line decisions and participate

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in technical discussions which have a bearing upon security operations. These officers would thus remain as Agency representatives subject to Agency direction. For guidance, coordination and policy direction they will consult with OSA/DD/R and the Office of Security, as appropriate. At the same time, the security officers so assigned could, with the knowledge of and in the name of the Director Program A, call upon the Air Force for certain elements of support thereby saving more of the workload that would otherwise fall upon the Agency. Many of the contractors to be utilized by Program A are under contract of OSA/DD/R and close coordination must be maintained. This can be accomplished by a centralized system of security control. CIA security representatives are currently located in two of the four contractor facilities to be utilized in the Argon Project.

7. One of the key elements in the operation of a program of this nature is the source of technical direction of the contract operation. If this direction were contained in the OSA/DD/R Program B there would not be a problem. Under the present instance, however, the covert contracting and security therewith rests with CIA and the technical direction rests with General Greer, Air Force. Unless there is a change in NRO policy, this type of split responsibility will continue to require some patchwork arrangements and can only be conducted with some difficulty and loss of efficiency.

8. It is therefore recommended:

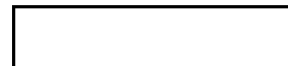
- a. That as a matter of policy in each case under the NRO where the DCI's authority in the use of confidential funds is applied for the covert procurement or production of materials, that CIA security policy, controls and practices will be applied by the Security Office of CIA through its designated representatives to ensure appropriate protection to a CIA method of intelligence.

31 July 63
Approved
HPC

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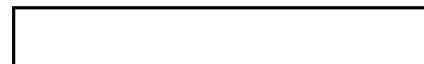
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- b. That CIA security representatives be co-located with General Greer's Staff for the purpose of effecting CIA security control of the Argon Camera Procurement Program in accordance with the conditions set forth in paragraph 6.

31 July '63
Approved
[Signature]

- c. After approval of (a) and (b) above, this be coordinated with the NRO and General Greer.

Dir. of Secint to
handle, reporting to DDCI
as the program



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R. L. Bannerman
Director of Security

CONCURRENCE:



ADSA/DD/R

12 July 1963
DATE

(See
Comments
Attached)

DD/R

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DD/S

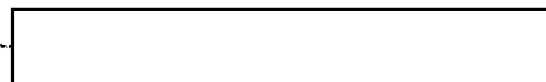
12 July 63
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The recommendation in paragraph 8 is approved



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Deputy Director of Central Intelligence

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COMMENTS CONCERNING

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1. Recognizing the imperative need that CIA must afford security protection to NRO activities wherein the Agency contracting authority is employed, I have concurred in this memorandum.

2. It should be recognized, however, that not possessing operational or technical direction for CORONA, LANYARD or ARGON the "security responsibility" of the Office of Special Activities of necessity must be limited and confined really to a security guidance and coordination function. The continued maintenance of a sound security program for these most sensitive satellite reconnaissance Projects hinges, I suggest, on the manner in which Director, Program A, supports the implementation of the security program established by the Director of Security, CIA.

3. I would hope that as a follow-up to this memorandum the Director of Security will communicate to the Director, NRO, Director, Program A, and the writer a precise definition of the delegation of security responsibilities to ensure that all interested parties are aware of the role they are to play in affording security protection to these Projects.

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JACK C. LEDFORD
COLONEL, USAF
Assistant Director
(Special Activities)

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4 February 1963

MEMORANDUM TO: Chief, Special Security Center

SUBJECT : NRO SECURITY AND COVER REQUIREMENTS:
Plausible Denial and Total Security Concepts to
Implement Executive Action

The sensitivity of the Nation's reconnaissance effort has required considerable thought and planning as to the use of cover stories or a total security concept to safeguard the operational techniques and end products of the program. Until recently the emphasis has been on the utilization of plausible denial through cover stories.

The obvious advantages of the plausible denial concept have been that it:

- a. Lessens the danger of complete compromise;
- b. Precludes a forced admission of illegal or covert action;
- c. Lessens the chance for a diplomatic faux pas.

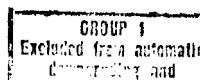
The obvious disadvantages of the plausible denial concept include:

- a. Its chances of failure if it is not followed to the letter;
- b. Its chances of failure if there is a lack of coordination among the public information officers familiar with the reconnaissance program;
- c. If the cover story does not stand up the U. S. Government is embarrassed, is subject to ridicule, and may be charged with deliberate deceit. On the domestic scene this leads to a situation wherein anti-administration or self-serving forces could exploit the situation to their advantage. On the international scene the image of the United States as a moralistic, highly principled nation could be severely damaged.

The U-2 Incidents

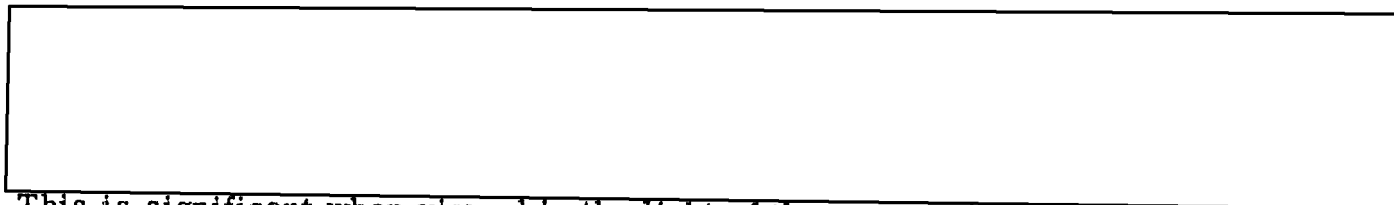
The most obvious example of the dangers inherent in the utilization of a cover story is the Francis Gary Power's incident of May 1960. A lack of

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coordination among various Government components lead to significantly different cover stories being distributed by the Department of Defense, Department of State, and NASA. The result was a damaging source of embarrassment to the President.



This is significant when viewed in the light of the extremely unfavorable publicity and exposure afforded all aspects of the U-2 reconnaissance program following the Power's incident.



Satellite Reconnaissance

The reconnaissance program utilizing the Discoverer, Midas and Samos relied on the plausible denial cover story, and quite successfully, until March 1962. At that time the publicity given to the "Spy in the Sky" aspects of the program had lead to such extensive speculation in trade journals and the Press that the Department of Defense imposed a cloak of secrecy on the program.

It is noted that the publicity afforded the Samos Program often attributed to the program a higher state of art than existed at that time.

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